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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 23, 2014

Lance Lehnhof
Red Leaf Resources, Inc.
10808 South River Front Parkway, Suite 200
South Jordan, Utah 84095

Subject: Comments for Groundwater Discharge Permit, Red Leaf Resources, Southwest #1, M/047/0103, Uintah County, Utah

Dear Mr. Lehnhof:

Pursuant to our prior Stipulation staying the appeal of the approval of the Notice of Intention to Commence Large Mining Operations (NOI), permit number M/047/0103, the Division of Oil, Gas and Mining has reviewed the groundwater discharge permit (GWDP) issued by the Utah Division of Water Quality (DWQ) on December 20, 2013. The GWDP was approved for a much smaller area designed around a pre-commercial production test capsule than that of the 779 bonded acres listed in the NOI. As a result of the issuance of the GWDP, the Division has reviewed the NOI to determine if the new information presented in the GWDP creates any inconsistencies in the NOI. The Division has identified several items in the NOI that will require modification as was provided for in the Stipulation and which need to be addressed. Please review and address the specific comments in the attached document. The Stipulation provides that you will respond to this determination within 30 days.

The Division issued a conditional approval for the NOI on March 19, 2012, pending a GWDP (or a letter from DWQ stating that no GWDP was necessary). The Division notes that you are required to modify your GWDP (as per Section H of the GWDP) prior to going into commercial production. In accordance with R647-4-118, the Division will also require that you update your NOI at that time based on the modified GWDP. Please contact the lead, April Abate, at 801-538-5214 to discuss the incorporation of these items into the NOI. If you have any additional question, I can be reached at 801-538-5261.

Sincerely,

Paul B. Baker
Permit Supervisor

PBB: aa: eb

Cc: Denise Dragoo, Rob Dubuc

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Comment	Sheet/Page/	Comments	Initials	Review
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#	Map/Table #			Action
4	General comment	The EPS capsule needs to be identified on the appropriate figures. The GWDP approval was written specifically for the EPS Test capsule and not for the entire NOI area. As such, the location stated in DEQ's GWDP approval letter is the southeast corner of Section 30, Township 13 South, Range 23 East, SLBM. This location should be annotated on the appropriate figures.	aa	
5	All Figures	Please update all figures in the plan to be consistent with the GWDP Application, dated June 14, 2013. Several figures in the GWDP document identify the EPS test capsule. Some of these figures should be included in the NOI. This includes the following: a) Cross sections on Figure 5 in NOI to be consistent with Detail 1 of the GWDP Application; b) Add Figure 2-A from the GWDP Application to the NOI; c) Update Figure 7 in the NOI with Sheet 1 of 2 and 2 of 2; d) Add Figure 14 from the GWDP Application to the NOI. All figures to be added to the NOI should be labeled with a figure number with its own unique identification. Please note there are other figures NOI that might not be consistent, please review all figures for consistency.	lah	
6	Figure 2	Ore removal dates should be updated to reflect the current mining schedule	aa	
7	Figure 3	Same comment as above (#6)	aa	

105.2 - Surface facilities map

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
8	Figure 1	Please add the location of the EPS capsule to Figure 1 in the NOI	lah	

R647-4-106 - Operation Plan

General Operation Comments

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
9	Omission	There is no discussion in the operations section about the EPS test capsule. The test capsule should be discussed and the GWDP appendix referenced. Red Leaf should note in their NOI that the GWDP is for the test capsule only and that a modification to the GWDP for the entire NOI is forthcoming, pending the results of the test capsule activities.	aa	
		Please add the discussion requested above concerning the EPS test capsule on page 9 of the NOI, and please also include the timeframe and schedule of the EPS test capsule.	lah	

106.8 - Depth to groundwater, extent of overburden, geology

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
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10		Add Table 1 from the GWDP Application to the NOI and include associated text explanation.	lah	
11		Add Figures 4, 6, 7 and 8 from the GWDP Application to the NOI and associated text explanation. These figures to be added to the NOI should be labeled with a figure number with its own unique identification.	lah	

R647-4-109 - Impact Assessment

109.1 - Impacts to surface & groundwater systems

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
12	Pg. 42	The section on groundwater quality will need to be revised in light of the issuance of the GWDP. Please include the compliance monitoring, reporting requirements and the compliance schedule in this section as they are outlined in sections E,F, and G of the DWQ-issued GWDP. Please provide this information in a tabulated format for better readability.	aa	